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PRODUCTIVITY AND COSTS Third Quarter 2005, revised

The Bureau of Labor Statistics of the U.S. Department of Labor today reported revised productivity data—as measured by output per hour of all persons—for the third quarter of 2005. The seasonally adjusted annual rates of productivity growth in the third quarter were:

5.4 percent in the business sector and
4.7 percent in the nonfarm business sector.

In both sectors, changes in productivity are higher than the preliminary estimates published November 3, reflecting upward revisions to output. Movements in hours were unchanged in both sectors.

In manufacturing, revised productivity increases in the third quarter were:

3.4 percent in manufacturing,
6.5 percent in durable goods manufacturing, and
0.2 percent in nondurable goods manufacturing.

Productivity grew more slowly in the manufacturing sector than was reported on Nov. 3. The third-quarter change in manufacturing output was revised down and the decrease in hours was less than reported last month. Output and hours in manufacturing, which includes about 13 percent of U.S. business sector employment, tend to vary more from quarter to quarter than data for the aggregate business and nonfarm business sectors. Third-quarter measures are summarized in table A and appear in detail in tables 1 through 5.

The data sources and methods used in the preparation of the manufacturing series differ from those used in preparing the business and nonfarm business series, and these measures are not directly comparable. Output measures for business and nonfarm business are based on measures of gross domestic product prepared by the Bureau of Economic Analysis of the U.S. Department of Commerce. Quarterly output measures for manufacturing reflect indexes of industrial production independently prepared by the Board of Governors of the Federal Reserve System. See Technical Notes for further information on data sources (page 8).

| Table A. Productivity and costs: Revised third-quarter 2005 measures (Seasonally adjusted annual rates) | | | | | | |
|--|--------------|--------|-------|---------------------|--------------------------|------------------|
| Sector | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
| Percent change from preceding quarter | | | | | | |
| Business | 5.4 | 5.0 | -0.4 | 4.2 | -0.8 | -1.1 |
| Nonfarm business | 4.7 | 4.8 | 0.1 | 3.7 | -1.4 | -1.0 |
| Manufacturing | 3.4 | 2.4 | -1.0 | 3.1 | -1.9 | -0.3 |
| Durable | 6.5 | 6.9 | 0.3 | 2.6 | -2.4 | -3.6 |
| Nondurable | 0.2 | -3.1 | -3.3 | 3.8 | -1.3 | 3.6 |
| Percent change from same quarter a year ago | | | | | | |
| Business | 3.1 | 4.2 | 1.1 | 5.0 | 1.1 | 1.9 |
| Nonfarm business | 3.1 | 4.4 | 1.2 | 5.0 | 1.2 | 1.8 |
| Manufacturing | 4.5 | 3.0 | -1.4 | 6.2 | 2.4 | 1.7 |
| Durable | 6.3 | 5.6 | -0.7 | 5.6 | 1.8 | -0.7 |
| Nondurable | 2.5 | -0.2 | -2.6 | 7.3 | 3.4 | 4.7 |

Business

From the second quarter to the third quarter of 2005, business sector productivity rose at an annual rate of 5.4 percent, as output increased 5.0 percent and hours of all persons engaged in the sector dropped slightly, 0.4 percent (table 1). Output per hour had increased 0.8 percent in the second quarter.

Hourly compensation in the business sector increased 4.2 percent during the third quarter of 2005, following a decline of 0.1 percent in the second quarter (as revised). Hourly compensation includes wages and salaries, supplements, employer contributions to employee benefit plans, and taxes. Real hourly compensation, which takes into account changes in consumer prices, fell 0.8 percent in the third quarter and 4.0 percent in the second quarter.

Unit labor costs fell 1.1 percent in the third quarter of 2005 following a decline of 0.9 percent one quarter earlier. The implicit price deflator for the business sector, which reflects changes both in unit labor costs and in unit nonlabor payments, rose 2.8 percent in the third quarter of 2005.

Nonfarm business

Output per hour of all persons in the nonfarm business sector increased 4.7 percent during the third quarter of 2005, reflecting increases in output and hours of 4.8 percent and 0.1 percent, respectively (table 2). In the previous quarter, productivity in nonfarm businesses had risen 2.1 percent as output grew 4.4 percent and hours increased 2.2 percent.

Hourly compensation grew 3.7 percent in the third quarter of 2005, following the 0.9-percent rise in the second quarter (as revised). When the rise in consumer prices is taken into account, real hourly compensation declined 1.4 percent in the third quarter of 2005 and 3.1 percent one quarter earlier.

Unit labor costs fell 1.0 percent in the third quarter, similar to the previous quarter, when they dropped 1.2 percent. The implicit price deflator for nonfarm business increased 3.1 percent in the third quarter of 2005.

Manufacturing

Productivity increased 3.4 percent in manufacturing in the third quarter of 2005, as output increased 2.4 percent and hours of all persons decreased 1.0 percent (seasonally adjusted annual rates). Productivity growth in manufacturing grew more slowly than in the second quarter of the year, when it rose 4.0 percent (as revised). In the second quarter of 2005, output rose 1.2 percent and hours of all persons dropped 2.6 percent. In durable goods industries, productivity increased 6.5 percent in the third quarter, reflecting increases of 6.9 percent in output and 0.3 percent in hours. Productivity grew more slowly in the nondurable goods industries, 0.2 percent, as output declined 3.1 percent and hours fell 3.3 percent (tables 3, 4, and 5). Hours in nondurable goods manufacturing have fallen in every quarter beginning with the third quarter of 1999.

The hourly compensation of all manufacturing workers rose 3.1 percent in the third quarter of 2005. In durable goods manufacturing, hourly compensation increased 2.6 percent and in nondurable goods manufacturing it grew 3.8 percent. When the increase in consumer prices is taken into account, real hourly compensation for all manufacturing workers fell 1.9 percent in the third quarter.

Unit labor costs in manufacturing declined 0.3 percent in the third quarter of 2005 and 0.2 percent in the previous quarter. In durable goods manufacturing, unit labor costs declined 3.6 percent in the third quarter while unit labor costs in nondurable goods manufacturing rose 3.6 percent.

Nonfinancial Corporations

Third-quarter 2005 measures of productivity and costs also were released for nonfinancial corporations (tables B and 6). Output per all-employee hour grew at a 3.2 percent annual rate, more slowly than the 4.3 percent increase in the previous quarter (as revised). Output increased 4.0 percent in the third quarter, and hours of all employees rose 0.8 percent (seasonally adjusted annual rates). The nonfinancial corporate sector includes all corporations doing business in the United States, except those classified as depository institutions, nondepository institutions, security and commodity brokers, insurance carriers, regulated investment offices, small business investment offices, and real estate investment trusts.

| Table B. Nonfinancial corporations: Third-quarter 2005 productivity and cost measures (Seasonally adjusted annual rates) | | | | | | | | |
|---|--------------|--------|-------|---------------------|--------------------------|------------------|--------------|-------------------------|
| Period | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs | Unit profits | Implicit price deflator |
| Percent change from preceding quarter | | | | | | | | |
| 2005 III | 3.2 | 4.0 | 0.8 | 4.5 | -0.6 | 1.3 | -2.9 | 1.7 |
| Percent change from same quarter a year ago | | | | | | | | |
| 2005 III | 4.7 | 6.0 | 1.3 | 5.4 | 1.5 | 0.7 | 13.3 | 1.6 |

Hourly compensation in nonfinancial corporations increased 4.5 percent in the third quarter, up from the second quarter increase of 0.8 percent. When the rise in consumer prices is taken into account, real hourly compensation fell 0.6 percent in the third quarter.

Unit labor costs for the sector rose 1.3 percent in third quarter 2005 after falling 3.4 percent one quarter earlier. Unit nonlabor costs rose 5.5 percent, while unit profits dropped at a 2.9 percent annual rate in the third quarter. As a result of these movements, the implicit price deflator for the output of nonfinancial corporations—which reflects a weighted average of these three measures—increased 1.7 percent.

Revised Measures

Current and previous measures for the second and third quarters of 2005 for the business, nonfarm business, and manufacturing sectors are compared in table C. In the third quarter, productivity in the business and nonfarm business sectors was revised up 0.6 percentage point, reflecting similar upward revisions in the output measures. Unit labor costs in the business and nonfarm business sectors showed the same 0.5 percentage-point downward revision in the third quarter, reflecting the higher productivity figures. In manufacturing, a downward revision to output combined with an upward revision to hours to dampen the third-quarter productivity change to 3.4 percent. Hourly compensation in manufacturing was revised up slightly. The combination of a downward revision to productivity and an upward revision to hourly compensation made the decline in unit labor costs, 0.3 percent, much shallower than the 1.6-percent drop reported on Nov. 3.

| Table C. Previous and revised productivity and related measures: Quarterly percent change at seasonally adjusted annual rate | | | | | | |
|---|--------------|--------|-------|---------------------|--------------------------|------------------|
| Sector | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs |
| Third quarter 2005 | | | | | | |
| Business: | | | | | | |
| Previous..... | 4.8 | 4.3 | -0.4 | 4.2 | -0.9 | -0.6 |
| Revised..... | 5.4 | 5.0 | -0.4 | 4.2 | -0.8 | -1.1 |
| Nonfarm business: | | | | | | |
| Previous..... | 4.1 | 4.2 | 0.1 | 3.6 | -1.4 | -0.5 |
| Revised..... | 4.7 | 4.8 | 0.1 | 3.7 | -1.4 | -1.0 |
| Manufacturing: | | | | | | |
| Previous..... | 4.5 | 3.1 | -1.4 | 2.9 | -2.1 | -1.6 |
| Revised..... | 3.4 | 2.4 | -1.0 | 3.1 | -1.9 | -0.3 |
| Second quarter 2005 | | | | | | |
| Business: | | | | | | |
| Previous..... | 0.8 | 4.0 | 3.1 | 3.0 | -1.1 | 2.2 |
| Revised..... | 0.8 | 4.0 | 3.1 | -0.1 | -4.0 | -0.9 |
| Nonfarm business: | | | | | | |
| Previous..... | 2.1 | 4.4 | 2.2 | 4.0 | -0.1 | 1.8 |
| Revised..... | 2.1 | 4.4 | 2.2 | 0.9 | -3.1 | -1.2 |
| Manufacturing: | | | | | | |
| Previous..... | 3.6 | 0.9 | -2.6 | 7.9 | 3.6 | 4.2 |
| Revised..... | 4.0 | 1.2 | -2.6 | 3.8 | -0.4 | -0.2 |

The second-quarter 2005 measures of hourly compensation, real hourly compensation, and unit labor costs were revised to reflect new information on compensation. In the business sector, hourly compensation now shows a slight decline in the second quarter of 0.1 percent, down substantially from the 3.0 percent increase previously reported. Unit labor costs were revised down by a similar amount and now reflect a 0.9 percent drop rather than a 2.2-percent increase. The downward revisions to hourly compensation and unit labor costs in nonfarm businesses were similar to those of the larger sector. In the second quarter of 2005, hourly compensation in nonfarm businesses rose 0.9 percent (revised down from 4.0 percent) and unit labor costs fell 1.2 percent (revised down from a 1.8-percent increase).

In manufacturing, hourly compensation also rose more slowly, 3.8 percent, than reported on Nov. 3. Real hourly compensation dropped 0.4 percent rather than rising, after revision. Manufacturing output and productivity also were revised to incorporate historical revisions and new seasonal factors in the Index of Industrial Production (IIP) released on November 7. (<http://www.federalreserve.gov/releases/G17/revisions/current/g17rev.pdf>) As a result of these revisions, productivity in the second quarter of 2005 rose more rapidly, 4.0 percent, than previously reported. As a result of the upward revision to productivity and a downward revision to hourly compensation, manufacturing unit labor costs, which had been reported as rising at a 4.2 percent annual rate, actually fell slightly, 0.2 percent. Appendix tables 1-3 show revised quarterly manufacturing measures for 2000-2002. In the manufacturing sector, annual indexes for 1987-2001 are unchanged. Quarterly measures for all years may have been affected by the historical revisions and rebasing of the IIP.

Revised measures: Nonfinancial corporations

Measures for the nonfinancial corporate sector also were revised to reflect updated information on output and employee compensation during the second quarter of 2005 (table D). With hours unchanged, productivity was revised down along with output. Hourly compensation also was revised down, from 3.7 to 0.8 percent. Since hourly compensation was revised down more than productivity, unit labor costs show more of a decline, 3.4 percent, than previously reported on Nov. 3.

| | Productivity | Output | Hours | Hourly compensation | Real hourly compensation | Unit labor costs | Unit profits | Implicit price deflator |
|----------|---------------------|--------|-------|---------------------|--------------------------|------------------|--------------|-------------------------|
| | Second quarter 2005 | | | | | | | |
| Previous | 6.3 | 9.0 | 2.6 | 3.7 | -0.5 | -2.4 | 41.7 | 1.4 |
| Revised | 4.3 | 7.1 | 2.6 | 0.8 | -3.2 | -3.4 | 44.3 | 1.4 |

The index numbers and rates of change reported by BLS for productivity and costs in its news release are rounded to one decimal place. Effective with the release of today's data, all percent changes in this release and on the BLS web site are calculated using index numbers to three decimal places. These index numbers are available at the BLS web site, <http://www.bls.gov/data/home.htm>, or by contacting the BLS Division of Major Sector Productivity. (Telephone 202—691-5606 or email DPRWEB@BLS.GOV)

Previously, the percent changes were calculated using the data underlying the index numbers rather than the index numbers themselves. The change in calculation method may cause published productivity growth rates to change slightly—likely by no more than a tenth—from the rates that were calculated using the earlier method. The convention of publishing in the news release index values rounded to one decimal place will continue.

Next release date

The next release of **Productivity and Costs** is scheduled for **8:30 AM EST, Thursday, February 2, 2006**. Preliminary fourth-quarter and annual 2005 measures will be released at that time.

Scheduled release dates for productivity and costs measures for major sectors of the U.S. economy in 2006 are:

| <u>Reference period</u> | <u>2006 release date</u> |
|----------------------------------|--------------------------|
| 2005: | |
| Fourth quarter, Annual | February 2 |
| Fourth quarter, Annual (revised) | March 7 |
| 2006: | |
| First quarter | May 4 |
| First quarter (revised) | June 1 |
| Second quarter | August 8 |
| Second quarter (revised) | September 6 |
| Third quarter | November 2 |
| Third quarter (revised) | December 5 |

These dates are based on presently available schedules for the release of underlying source data in 2006. Each issue of *Productivity and Costs* contains a "Next release date" paragraph that readers should use to confirm the dates above.

TECHNICAL NOTES

Labor Hours: Hours data for the labor productivity and cost measures include hours for all persons working in the sector—wage and salary workers, the self-employed, and unpaid family workers. The primary source of hours and employment data is the BLS Current Employment Statistics (CES) program, which provides monthly survey data on the number of jobs held by wage and salary workers in nonfarm establishments. The CES also provides average weekly paid hours of production and nonsupervisory workers in these establishments. Weekly paid hours are adjusted to hours at work using data from the National Compensation Survey (NCS). The BLS Hours at Work survey, conducted for this purpose, was used for years prior to 2001. The Office of Productivity and Technology estimates average weekly hours at work for nonproduction and supervisory workers using information from the Current Population Survey (CPS), the CES, and the NCS.

Data from the CPS are used for farm labor, nonfarm proprietors, and nonfarm unpaid family workers. Estimates of labor input for government enterprises are derived from the CPS, the CES, and the National Income and Product Accounts (NIPA) prepared by the Bureau of Economic Analysis (BEA) of the Department of Commerce.

Output: Business sector output is an annual-weighted index constructed after excluding from gross domestic product (GDP) the following outputs: general government, nonprofit institutions, and private households (including owner-occupied housing). Corresponding exclusions also are made in labor inputs. Business output accounted for about 78 percent of the value of GDP in 2000. Nonfarm business, which also excludes farming, accounted for about 77 percent of GDP in 2000.

Annual indexes for manufacturing and its durable and nondurable goods components are constructed by deflating current-dollar industry value of production data from the U.S. Bureau of the Census with deflators from the BEA. These deflators are based on data from the BLS producer price program and other sources. The industry shipments are aggregated using annual weights, and intrasector transactions are removed. Quarterly manufacturing output measures are based on the index of industrial production prepared monthly by the Board of Governors of the Federal Reserve System, adjusted to be consistent

with annual indexes of manufacturing sector output prepared by BLS. Durables include the following 3-digit NAICS industries: wood product manufacturing; nonmetallic mineral product manufacturing; primary metal manufacturing; fabricated metal product manufacturing; machinery manufacturing; computer and electronic product manufacturing; electrical equipment and appliance manufacturing; transportation equipment manufacturing; furniture and related product manufacturing; and miscellaneous manufacturing. Nondurables include: food manufacturing; beverage and tobacco product manufacturing; textile mills; textile product mills; apparel manufacturing; leather and allied product manufacturing; paper manufacturing; printing and related support activities; petroleum and coal products manufacturing; chemical manufacturing; and plastics and rubber products manufacturing.

Nonfinancial corporate output is an annual-weighted index calculated on the basis of the costs incurred and the incomes earned from production. The output measure excludes the following outputs from GDP: general government; nonprofit institutions; private households; unincorporated business; and those corporations classified as offices of bank holding companies, offices of other holding companies, or offices in the finance and insurance sector. Nonfinancial corporations accounted for about 54 percent of the value of GDP in 2000.

Productivity: These productivity measures describe the relationship between real output and the labor time involved in its production. They show the changes from period to period in the amount of goods and services produced per hour. Although these measures relate output to hours at work of all persons engaged in a sector, they do not measure the specific contribution of labor, capital, or any other factor of production. Rather, they reflect the joint effects of many influences, including changes in technology; capital investment; level of output; utilization of capacity, energy, and materials; the organization of production; managerial skill; and the characteristics and effort of the work force.

Information in this release will be made available to sensory-impaired individuals upon request. Voice phone: 202-691-5606; Federal Relay Service number: 1-800-877-8339.

Table 1. Business sector: Productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs | Unit non-labor payments (3) | Implicit price deflator (4) | |
|--|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|-----------------------------|-----------------------------|--------|
| ----- Indexes 1992=100 ----- | | | | | | | | | |
| 2003 | I | 125.6 | 144.6 | 115.2 | 147.8 | 115.5 | 117.7 | 116.4 | 117.2 |
| | II | 127.9 | 146.4 | 114.5 | 150.3 | 117.3 | 117.5 | 117.2 | 117.4 |
| | III | 130.5 | 149.8 | 114.8 | 152.0 | 118.0 | 116.4 | 120.3 | 117.9 |
| | IV | 130.6 | 150.8 | 115.5 | 152.8 | 118.4 | 117.0 | 120.5 | 118.3 |
| | ANNUAL | 128.6 | 147.9 | 115.0 | 150.7 | 117.3 | 117.2 | 118.6 | 117.7 |
| 2004 | I | 131.7 | 152.6 | 115.9 | 154.4 | 118.5 | 117.3 | 123.0 | 119.4 |
| | II | 132.8 | 154.1 | 116.1 | 155.7 | 118.2 | 117.2 | 126.1 | 120.5 |
| | III | 133.3 | 155.8 | 116.9 | 158.2 | 119.6 | 118.7 | 124.2 | 120.7 |
| | IV | 134.3 | 157.2 | 117.1 | 162.5 | 121.8 | 121.0 | 122.3 | 121.5 |
| | ANNUAL | 133.0 | 154.9 | 116.5 | 157.7 | 119.5 | 118.6 | 123.9 | 120.6 |
| 2005 | I | 135.3 | 158.9 | 117.5 | 164.4 | 122.5 | 121.5 | 123.6 | 122.3 |
| | II | 135.5 | 160.4 | 118.4 | r164.3 | r121.2 | r121.2 | r126.2 | 123.1 |
| | III | r137.3 | r162.4 | r118.3 | r166.0 | r121.0 | r120.9 | r129.1 | r123.9 |
| ----- Percent change from previous quarter at annual rate(5) ----- | | | | | | | | | |
| 2003 | I | 2.8 | 1.7 | -1.1 | 5.5 | 1.3 | 2.6 | 0.5 | 1.8 |
| | II | 7.6 | 4.9 | -2.6 | 7.0 | 6.5 | -0.6 | 2.8 | 0.6 |
| | III | 8.4 | 9.9 | 1.3 | 4.5 | 2.3 | -3.6 | 10.7 | r1.6 |
| | IV | 0.3 | 2.6 | 2.3 | 2.3 | 1.4 | 2.1 | 0.9 | 1.6 |
| | ANNUAL | 3.9 | 3.4 | -0.5 | 3.9 | 1.6 | 0.0 | 3.7 | 1.4 |
| 2004 | I | 3.4 | 4.9 | 1.5 | 4.2 | 0.3 | 0.8 | 8.6 | 3.7 |
| | II | 3.4 | 4.0 | 0.6 | 3.3 | -1.0 | -0.1 | 10.3 | 3.8 |
| | III | 1.4 | 4.4 | 3.0 | 6.5 | 4.8 | 5.0 | r-5.9 | 0.7 |
| | IV | 3.1 | 3.6 | 0.5 | 11.3 | 7.5 | 7.9 | -6.0 | 2.4 |
| | ANNUAL | 3.4 | 4.8 | 1.3 | 4.6 | 1.9 | 1.2 | 4.4 | 2.4 |
| 2005 | I | 2.9 | 4.4 | 1.4 | 4.7 | 2.3 | 1.7 | 4.4 | 2.7 |
| | II | 0.8 | 4.0 | 3.1 | r-0.1 | r-4.0 | r-0.9 | r8.7 | 2.6 |
| | III | r5.4 | r5.0 | -0.4 | 4.2 | r-0.8 | r-1.1 | r9.4 | r2.8 |
| ----- Percent change from corresponding quarter of previous year ----- | | | | | | | | | |
| 2003 | I | 2.4 | 2.0 | -0.4 | 3.0 | 0.1 | 0.6 | 2.7 | 1.4 |
| | II | 3.8 | 2.6 | -1.1 | 3.6 | 1.4 | -0.2 | 3.9 | 1.3 |
| | III | 4.7 | 4.2 | -0.5 | 4.3 | 2.0 | -0.4 | 4.6 | 1.4 |
| | IV | 4.7 | 4.7 | 0.0 | 4.8 | 2.9 | 0.1 | 3.7 | 1.4 |
| | ANNUAL | 3.9 | 3.4 | -0.5 | 3.9 | 1.6 | 0.0 | 3.7 | 1.4 |
| 2004 | I | 4.9 | 5.5 | 0.6 | 4.5 | 2.6 | -0.4 | 5.7 | 1.9 |
| | II | 3.8 | 5.3 | 1.4 | 3.6 | 0.8 | -0.2 | 7.6 | 2.7 |
| | III | 2.1 | 4.0 | 1.8 | 4.1 | 1.4 | 1.9 | 3.3 | 2.4 |
| | IV | 2.8 | 4.2 | 1.4 | 6.3 | 2.8 | 3.4 | 1.5 | 2.6 |
| | ANNUAL | 3.4 | 4.8 | 1.3 | 4.6 | 1.9 | 1.2 | 4.4 | 2.4 |
| 2005 | I | 2.7 | 4.1 | 1.3 | 6.4 | 3.3 | 3.6 | 0.5 | 2.4 |
| | II | 2.1 | 4.1 | 2.0 | r5.5 | r2.5 | r3.4 | r0.1 | 2.1 |
| | III | r3.1 | r4.2 | 1.1 | r5.0 | r1.1 | r1.9 | r3.9 | 2.7 |

See footnotes following Table 6.
r=revisedDec. 6, 2005
Source: Bureau of Labor Statistics

Table 2. Nonfarm business sector: Productivity, hourly compensation, unit labor costs, and prices, seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs | Unit non-labor payments (3) | Implicit price deflator (4) | |
|--|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|-----------------------------|-----------------------------|--------|
| Indexes 1992=100 | | | | | | | | | |
| 2003 | I | 124.9 | 144.8 | 115.9 | 147.0 | 114.9 | 117.7 | 118.2 | 117.9 |
| | II | 126.9 | 146.5 | 115.4 | 149.3 | 116.5 | 117.6 | 118.7 | 118.0 |
| | III | 129.9 | 150.2 | 115.6 | 151.2 | 117.4 | 116.4 | 121.6 | 118.3 |
| | IV | 130.1 | 151.2 | 116.2 | 152.2 | 117.9 | 116.9 | 121.3 | 118.6 |
| | ANNUAL | 128.0 | 148.2 | 115.8 | 149.9 | 116.7 | 117.1 | 120.0 | 118.2 |
| 2004 | I | 130.8 | 152.8 | 116.8 | 153.5 | 117.8 | 117.3 | 123.5 | 119.6 |
| | II | 132.2 | 154.5 | 116.8 | 154.9 | 117.6 | 117.1 | 126.5 | 120.6 |
| | III | 132.7 | 156.3 | 117.8 | 157.2 | 118.8 | 118.5 | 125.3 | 121.0 |
| | IV | 133.5 | 157.7 | 118.2 | 161.0 | 120.7 | 120.7 | 123.7 | 121.8 |
| | ANNUAL | 132.3 | 155.3 | 117.4 | 156.7 | 118.7 | 118.4 | 124.7 | 120.7 |
| 2005 | I | 134.5 | 159.4 | 118.5 | 163.2 | 121.6 | 121.3 | 125.0 | 122.7 |
| | II | 135.3 | 161.2 | 119.2 | r163.6 | r120.6 | r120.9 | r127.9 | 123.5 |
| | III | r136.8 | r163.1 | 119.2 | r165.0 | r120.2 | r120.6 | r130.9 | r124.4 |
| Percent change from previous quarter at annual rate(5) | | | | | | | | | |
| 2003 | I | 3.1 | 2.0 | -1.1 | 5.8 | 1.5 | 2.6 | 0.8 | 1.9 |
| | II | 6.6 | 4.7 | -1.8 | 6.2 | 5.8 | -0.3 | 1.7 | 0.4 |
| | III | 9.6 | 10.4 | 0.8 | 5.1 | 2.9 | -4.1 | 10.2 | 1.0 |
| | IV | 0.8 | 2.8 | 2.0 | 2.7 | 1.8 | 2.0 | -1.1 | 0.8 |
| | ANNUAL | 3.8 | 3.3 | -0.5 | 4.0 | 1.6 | 0.2 | 3.2 | 1.3 |
| 2004 | I | 2.1 | 4.2 | 2.0 | 3.5 | -0.5 | 1.3 | 7.4 | 3.6 |
| | II | 4.5 | 4.6 | 0.1 | 3.7 | -0.7 | -0.8 | 10.0 | 3.2 |
| | III | 1.3 | 4.6 | 3.3 | 6.1 | 4.4 | r4.8 | -3.6 | 1.5 |
| | IV | 2.5 | 3.9 | 1.4 | 10.2 | 6.4 | 7.6 | -5.1 | 2.6 |
| | ANNUAL | 3.4 | 4.8 | 1.4 | 4.5 | 1.8 | 1.1 | 3.9 | 2.1 |
| 2005 | I | 3.2 | 4.3 | 1.1 | 5.5 | 3.1 | 2.2 | 4.4 | 3.0 |
| | II | 2.1 | 4.4 | 2.2 | r0.9 | r-3.1 | r-1.2 | r9.4 | 2.7 |
| | III | r4.7 | r4.8 | 0.1 | r3.7 | -1.4 | r-1.0 | r10.0 | r3.1 |
| Percent change from corresponding quarter of previous year | | | | | | | | | |
| 2003 | I | 2.0 | 1.7 | r-0.3 | 3.0 | 0.1 | 1.0 | 2.7 | 1.6 |
| | II | 3.5 | 2.5 | -0.9 | 3.5 | 1.3 | 0.1 | 3.2 | 1.2 |
| | III | 4.8 | 4.2 | -0.5 | 4.4 | 2.1 | -0.4 | 4.1 | 1.2 |
| | IV | 5.0 | 4.9 | 0.0 | 5.0 | 3.0 | 0.0 | 2.8 | 1.0 |
| | ANNUAL | 3.8 | 3.3 | -0.5 | 4.0 | 1.6 | 0.2 | 3.2 | 1.3 |
| 2004 | I | 4.7 | 5.5 | 0.7 | 4.4 | 2.5 | -0.3 | 4.5 | 1.5 |
| | II | 4.2 | 5.5 | 1.2 | 3.7 | 0.9 | -0.4 | 6.5 | 2.1 |
| | III | 2.2 | 4.0 | 1.9 | 4.0 | 1.2 | 1.8 | 3.0 | 2.3 |
| | IV | 2.6 | 4.3 | 1.7 | 5.8 | 2.4 | 3.2 | 1.9 | 2.7 |
| | ANNUAL | 3.4 | 4.8 | 1.4 | 4.5 | 1.8 | 1.1 | 3.9 | 2.1 |
| 2005 | I | 2.9 | 4.4 | 1.5 | 6.3 | 3.3 | 3.4 | 1.2 | 2.6 |
| | II | 2.3 | 4.3 | 2.0 | r5.6 | r2.6 | r3.3 | r1.1 | 2.4 |
| | III | r3.1 | r4.4 | 1.2 | r5.0 | r1.2 | r1.8 | r4.5 | r2.8 |

See footnotes following Table 6.
r=revised

Dec. 6, 2005
Source: Bureau of Labor Statistics

Table 3. Manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs | |
|--|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|--------|
| ----- | | | | | | | |
| Indexes 1992=100 | | | | | | | |
| 2003 | I | r153.1 | r133.1 | 86.9 | 156.5 | 122.3 | r102.2 |
| | II | r154.8 | r132.3 | 85.5 | 159.2 | 124.3 | r102.8 |
| | III | r158.7 | r133.6 | 84.2 | 161.5 | 125.4 | r101.8 |
| | IV | r159.8 | r135.7 | 84.9 | 163.2 | 126.5 | r102.1 |
| | ANNUAL | r156.6 | r133.7 | 85.4 | 160.1 | 124.6 | r102.2 |
| 2004 | I | r161.2 | r137.6 | 85.4 | 159.1 | 122.1 | r98.7 |
| | II | r164.4 | r139.8 | 85.1 | 161.1 | 122.3 | r98.0 |
| | III | r166.2 | r141.2 | 85.0 | 164.9 | 124.7 | r99.2 |
| | IV | r168.5 | r142.7 | 84.7 | 169.3 | 126.9 | r100.5 |
| | ANNUAL | r165.1 | r140.4 | 85.0 | 163.6 | 124.0 | r99.1 |
| 2005 | I | r170.5 | r144.2 | 84.6 | 172.2 | 128.3 | r101.0 |
| | II | r172.2 | r144.7 | 84.0 | r173.8 | r128.2 | r101.0 |
| | III | r173.7 | r145.5 | r83.8 | r175.2 | r127.6 | r100.9 |
| ----- | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 2003 | I | r7.0 | r0.3 | -6.3 | 17.9 | 13.1 | r10.2 |
| | II | r4.3 | r-2.4 | -6.5 | 6.9 | 6.5 | r2.5 |
| | III | r10.4 | r3.9 | -5.9 | 5.9 | 3.7 | r-4.0 |
| | IV | r3.0 | r6.4 | 3.3 | 4.3 | 3.4 | r1.3 |
| | ANNUAL | r5.9 | r0.7 | -4.9 | 8.3 | r5.8 | r2.2 |
| 2004 | I | r3.4 | r5.9 | 2.4 | -9.7 | -13.1 | r-12.7 |
| | II | r8.3 | r6.6 | -1.6 | 5.1 | 0.7 | r-3.0 |
| | III | 4.4 | r4.1 | -0.3 | 9.8 | 8.0 | r5.1 |
| | IV | r5.7 | r4.3 | -1.3 | 11.2 | 7.4 | r5.2 |
| | ANNUAL | r5.4 | r5.0 | -0.4 | 2.2 | -0.5 | r-3.1 |
| 2005 | I | r4.9 | r4.2 | -0.7 | 7.1 | 4.6 | r2.1 |
| | II | r4.0 | r1.2 | -2.6 | r3.8 | r-0.4 | r-0.2 |
| | III | r3.4 | r2.4 | r-1.0 | r3.1 | r-1.9 | r-0.3 |
| ----- | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 2003 | I | r6.1 | r1.6 | -4.2 | 8.2 | 5.2 | r2.0 |
| | II | r5.2 | r-0.5 | -5.4 | 7.8 | 5.5 | r2.5 |
| | III | r6.3 | r-0.1 | -6.0 | 8.4 | 6.0 | r2.0 |
| | IV | r6.1 | r2.0 | -3.9 | 8.7 | 6.6 | r2.4 |
| | ANNUAL | r5.9 | r0.7 | -4.9 | 8.3 | r5.8 | r2.2 |
| 2004 | I | r5.2 | r3.4 | -1.8 | 1.6 | -0.2 | r-3.4 |
| | II | r6.2 | r5.7 | -0.5 | 1.2 | -1.6 | -4.7 |
| | III | r4.7 | r5.7 | 0.9 | 2.1 | -0.6 | r-2.5 |
| | IV | r5.4 | r5.2 | -0.2 | 3.7 | 0.3 | r-1.6 |
| | ANNUAL | r5.4 | r5.0 | -0.4 | 2.2 | -0.5 | r-3.1 |
| 2005 | I | r5.8 | r4.8 | -1.0 | 8.3 | 5.1 | r2.3 |
| | II | r4.7 | r3.4 | -1.2 | r7.9 | r4.8 | r3.0 |
| | III | r4.5 | r3.0 | r-1.4 | r6.2 | r2.4 | r1.7 |
| ----- | | | | | | | |

See footnotes following Table 6.
r=revised

December 6, 2005
Source: Bureau of Labor Statistics

Table 4. Durable manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs | |
|--|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|--------|
| ----- | | | | | | | |
| Indexes 1992=100 | | | | | | | |
| 2003 | I | r174.1 | r157.0 | 90.1 | 154.9 | 121.1 | r89.0 |
| | II | r176.4 | r156.3 | 88.6 | 157.7 | 123.1 | r89.4 |
| | III | r182.8 | r159.3 | 87.1 | 160.1 | 124.3 | r87.6 |
| | IV | r184.5 | r162.9 | 88.3 | 161.9 | 125.5 | r87.8 |
| | ANNUAL | r179.4 | r158.9 | 88.5 | 158.6 | 123.5 | r88.4 |
| 2004 | I | r186.3 | r166.3 | 89.3 | 155.5 | 119.4 | r83.5 |
| | II | r190.2 | r169.1 | 88.9 | 158.2 | 120.1 | r83.2 |
| | III | r192.7 | r172.0 | 89.2 | 162.1 | 122.6 | r84.1 |
| | IV | r196.1 | r174.5 | 89.0 | 166.0 | 124.4 | r84.6 |
| | ANNUAL | r191.3 | r170.5 | 89.1 | 160.4 | 121.6 | r83.9 |
| 2005 | I | r199.6 | r177.4 | 88.9 | 169.0 | 125.9 | r84.7 |
| | II | r201.8 | r178.6 | 88.5 | r170.1 | r125.5 | r84.3 |
| | III | r205.0 | r181.5 | r88.6 | r171.2 | r124.7 | r83.5 |
| ----- | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 2003 | I | r7.6 | r0.7 | -6.4 | 22.2 | 17.2 | r13.6 |
| | II | r5.4 | r-1.8 | -6.9 | 7.3 | 6.9 | r1.8 |
| | III | r15.2 | r8.0 | -6.3 | 6.2 | 3.9 | r-7.8 |
| | IV | r3.7 | r9.5 | r5.6 | 4.7 | 3.8 | r1.0 |
| | ANNUAL | r8.0 | r2.3 | -5.3 | 9.3 | 6.9 | r1.3 |
| 2004 | I | r4.0 | r8.5 | 4.3 | -14.9 | -18.1 | r-18.1 |
| | II | r8.7 | r7.0 | -1.5 | 6.9 | r2.4 | r-1.6 |
| | III | r5.5 | r6.9 | 1.3 | 10.3 | 8.5 | r4.6 |
| | IV | r7.3 | r6.1 | -1.1 | 9.9 | 6.1 | r2.5 |
| | ANNUAL | r6.6 | r7.3 | 0.6 | 1.1 | -1.5 | r-5.2 |
| 2005 | I | r7.3 | r6.8 | -0.5 | 7.5 | 5.1 | r0.2 |
| | II | r4.3 | r2.6 | -1.7 | r2.6 | r-1.5 | r-1.6 |
| | III | r6.5 | r6.9 | r0.3 | r2.6 | r-2.4 | r-3.6 |
| ----- | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 2003 | I | r8.0 | r2.9 | -4.7 | 9.1 | 6.0 | r1.0 |
| | II | r7.2 | r0.6 | -6.1 | 8.7 | 6.4 | r1.4 |
| | III | r8.8 | r1.6 | -6.7 | 9.6 | 7.3 | r0.7 |
| | IV | r7.9 | r4.0 | -3.6 | 9.9 | 7.8 | r1.9 |
| | ANNUAL | r8.0 | r2.3 | -5.3 | 9.3 | 6.9 | r1.3 |
| 2004 | I | r7.0 | r5.9 | -1.0 | 0.4 | -1.4 | r-6.1 |
| | II | 7.8 | r8.2 | 0.4 | 0.3 | -2.5 | -6.9 |
| | III | r5.4 | r8.0 | 2.4 | 1.3 | -1.4 | r-3.9 |
| | IV | r6.3 | r7.1 | 0.7 | 2.5 | -0.9 | r-3.6 |
| | ANNUAL | r6.6 | r7.3 | 0.6 | 1.1 | -1.5 | r-5.2 |
| 2005 | I | r7.2 | r6.7 | -0.5 | 8.7 | 5.5 | r1.4 |
| | II | r6.1 | r5.6 | -0.5 | r7.5 | r4.5 | r1.4 |
| | III | r6.3 | r5.6 | r-0.7 | r5.6 | r1.8 | r-0.7 |

See footnotes following Table 6.
r=revised

December 6, 2005
Source: Bureau of Labor Statistics

Table 5. Nondurable manufacturing sector: Productivity, hourly compensation, and unit labor costs, seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs | |
|--|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|--------|
| ----- | | | | | | | |
| Indexes 1992=100 | | | | | | | |
| 2003 | I | r131.8 | r108.3 | 82.1 | 158.0 | 123.5 | r119.9 |
| | II | r132.7 | r107.4 | 80.9 | 160.5 | 125.3 | r120.9 |
| | III | r134.2 | r107.1 | 79.8 | 162.7 | 126.3 | r121.2 |
| | IV | r135.2 | r107.8 | 79.7 | 163.9 | 127.0 | r121.2 |
| | ANNUAL | r133.5 | r107.7 | 80.6 | 161.2 | 125.5 | r120.8 |
| 2004 | I | r136.4 | r108.5 | 79.6 | 164.1 | 125.9 | r120.3 |
| | II | r139.0 | r110.1 | 79.3 | 164.7 | 125.1 | r118.5 |
| | III | r140.3 | r110.3 | 78.7 | 168.1 | 127.1 | r119.8 |
| | IV | r141.5 | r110.9 | 78.3 | 173.5 | 130.1 | r122.6 |
| | ANNUAL | r139.3 | r110.0 | 79.0 | 167.6 | 127.0 | r120.3 |
| 2005 | I | r142.3 | r111.1 | 78.1 | 176.1 | 131.3 | r123.8 |
| | II | r143.7 | r111.0 | 77.3 | r178.7 | r131.8 | r124.4 |
| | III | r143.7 | r110.1 | r76.6 | r180.3 | r131.4 | r125.5 |
| ----- | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 2003 | I | r6.2 | r-0.2 | -6.0 | 10.3 | 5.9 | r3.9 |
| | II | r2.9 | r-3.2 | -5.9 | 6.3 | 5.9 | r3.3 |
| | III | r4.6 | r-0.8 | -5.2 | 5.6 | 3.4 | r1.0 |
| | IV | r3.0 | r2.6 | -0.4 | 3.0 | 2.1 | r0.0 |
| | ANNUAL | r3.2 | r-1.1 | -4.2 | 6.4 | 4.0 | r3.0 |
| 2004 | I | r3.4 | r2.6 | -0.8 | 0.5 | -3.3 | r-2.8 |
| | II | r7.8 | r6.0 | -1.7 | 1.7 | -2.6 | r-5.7 |
| | III | r3.8 | r0.7 | -3.0 | 8.4 | 6.6 | r4.4 |
| | IV | r3.7 | r2.0 | r-1.6 | 13.7 | 9.7 | r9.6 |
| | ANNUAL | 4.3 | 2.2 | -2.1 | 3.9 | 1.2 | -0.4 |
| 2005 | I | r2.0 | r0.9 | -1.1 | 6.1 | 3.7 | r4.1 |
| | II | r4.0 | r-0.4 | -4.3 | r5.8 | r1.6 | r1.7 |
| | III | r0.2 | r-3.1 | r-3.3 | r3.8 | r-1.3 | r3.6 |
| ----- | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 2003 | I | r3.4 | r-0.1 | -3.4 | 6.7 | 3.7 | r3.1 |
| | II | r2.6 | r-1.9 | -4.3 | 6.4 | 4.1 | r3.7 |
| | III | r2.8 | r-2.1 | -4.8 | 6.2 | 3.9 | r3.3 |
| | IV | 4.2 | -0.4 | -4.4 | 6.3 | 4.3 | 2.0 |
| | ANNUAL | r3.2 | r-1.1 | -4.2 | 6.4 | 4.0 | r3.0 |
| 2004 | I | r3.5 | r0.3 | -3.1 | 3.8 | 2.0 | r0.3 |
| | II | r4.7 | r2.6 | -2.0 | 2.7 | -0.2 | r-1.9 |
| | III | 4.5 | 3.0 | -1.5 | 3.3 | 0.6 | -1.1 |
| | IV | r4.7 | r2.8 | -1.8 | 5.9 | 2.4 | r1.2 |
| | ANNUAL | 4.3 | 2.2 | -2.1 | 3.9 | 1.2 | -0.4 |
| 2005 | I | r4.3 | r2.4 | -1.8 | 7.4 | 4.3 | r2.9 |
| | II | r3.4 | r0.8 | -2.5 | r8.5 | r5.4 | r4.9 |
| | III | r2.5 | r-0.2 | r-2.6 | r7.3 | r3.4 | r4.7 |
| ----- | | | | | | | |

See footnotes following Table 6.
r=revised

December 6, 2005
Source: Bureau of Labor Statistics

Table 6. Nonfinancial corporations: Productivity, hourly compensation, unit labor costs, unit profits, and prices, seasonally adjusted

| Year and quarter | Output per all-employee hour | Output | Employee hours | Hourly compensation (1) | Real hourly compensation(2) | Unit labor costs | Unit non-labor costs(6) | Total unit costs (7) | Unit profits (8) | Implicit price deflator (4) | |
|--|------------------------------|--------|----------------|-------------------------|-----------------------------|------------------|-------------------------|----------------------|------------------|-----------------------------|-------|
| ----- | | | | | | | | | | | |
| Indexes 1992=100 | | | | | | | | | | | |
| 2003 | I | 130.4 | 152.3 | 116.8 | 144.6 | 113.0 | 110.9 | 111.4 | 111.0 | 107.8 | 110.7 |
| | II | 132.7 | 154.3 | 116.3 | 147.0 | 114.8 | 110.8 | 110.5 | 110.7 | 113.7 | 111.0 |
| | III | 135.1 | 156.9 | 116.2 | 148.9 | 115.6 | 110.2 | 110.9 | 110.4 | 119.9 | 111.3 |
| | IV | 135.9 | 158.7 | 116.8 | 149.8 | 116.0 | 110.2 | 110.8 | 110.4 | 124.8 | 111.7 |
| | ANNUAL | 133.5 | 155.6 | 116.5 | 147.6 | 114.8 | 110.5 | 110.9 | 110.6 | 116.7 | 111.2 |
| 2004 | I | 136.1 | 160.0 | 117.5 | 150.3 | 115.4 | 110.4 | 111.4 | 110.7 | 130.2 | 112.4 |
| | II | 136.9 | 161.3 | 117.8 | 151.7 | 115.2 | 110.8 | 111.5 | 111.0 | 138.6 | 113.4 |
| | III | 139.4 | 165.0 | 118.4 | 154.0 | 116.5 | 110.5 | 110.3 | 110.5 | 139.7 | 113.1 |
| | IV | 142.3 | 169.0 | 118.8 | 158.0 | 118.4 | 111.0 | 108.8 | 110.5 | 143.1 | 113.4 |
| | ANNUAL | 138.7 | 163.8 | 118.1 | 153.5 | 116.4 | 110.7 | 110.5 | 110.6 | 138.0 | 113.1 |
| 2005 | I | 143.2 | 170.3 | 118.9 | 160.3 | 119.4 | 111.9 | 108.2 | 110.9 | 145.6 | 114.0 |
| | II | r144.8 | r173.3 | 119.7 | r160.6 | r118.4 | r110.9 | r107.3 | 110.0 | r159.5 | 114.4 |
| | III | 145.9 | 175.0 | 119.9 | 162.4 | 118.3 | 111.3 | 108.8 | 110.6 | 158.4 | 114.9 |
| ----- | | | | | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | | | | | |
| 2003 | I | 1.1 | -1.8 | -2.8 | 3.9 | -0.3 | 2.9 | 6.7 | 3.9 | -11.6 | 2.4 |
| | II | 7.3 | 5.5 | -1.7 | 6.9 | 6.4 | -0.4 | -3.1 | -1.1 | 23.8 | 0.9 |
| | III | 7.3 | 6.9 | -0.3 | 5.2 | 2.9 | -1.9 | 1.3 | -1.1 | 23.9 | 1.0 |
| | IV | 2.4 | 4.5 | 2.1 | 2.4 | 1.5 | 0.0 | -0.3 | -0.1 | 17.2 | 1.5 |
| | ANNUAL | 4.1 | 2.7 | -1.4 | 3.9 | 1.6 | -0.2 | 0.1 | -0.1 | 19.0 | 1.4 |
| 2004 | I | 0.8 | 3.4 | 2.6 | 1.5 | -2.3 | 0.7 | 2.1 | 1.1 | 18.6 | 2.7 |
| | II | 2.3 | 3.3 | 1.0 | 3.7 | -0.7 | 1.3 | 0.3 | 1.1 | 28.2 | 3.7 |
| | III | 7.4 | 9.4 | 1.9 | 6.3 | 4.6 | -1.0 | -4.2 | -1.9 | 3.4 | -1.3 |
| | IV | 8.5 | 9.9 | 1.3 | 10.6 | 6.8 | 1.9 | -5.2 | 0.0 | 10.0 | 1.1 |
| | ANNUAL | 3.9 | 5.3 | 1.4 | 4.0 | 1.3 | 0.2 | -0.4 | 0.0 | 18.3 | 1.7 |
| 2005 | I | 2.7 | 3.3 | 0.5 | 5.9 | 3.5 | 3.1 | -2.5 | 1.6 | 7.1 | 2.2 |
| | II | r4.3 | r7.1 | 2.6 | r0.8 | r-3.2 | r-3.4 | r-3.1 | r-3.3 | r44.3 | 1.4 |
| | III | 3.2 | 4.0 | 0.8 | 4.5 | -0.6 | 1.3 | 5.5 | 2.4 | -2.9 | 1.7 |
| ----- | | | | | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | | | | | |
| 2003 | I | 3.5 | 2.0 | -1.5 | 3.2 | 0.3 | -0.3 | -1.4 | -0.6 | 25.6 | 1.2 |
| | II | 3.8 | 2.0 | -1.8 | 3.6 | 1.4 | r-0.2 | -0.1 | -0.1 | 20.4 | 1.4 |
| | III | 4.6 | 3.1 | -1.5 | 4.3 | 2.1 | -0.3 | 0.8 | 0.0 | 19.6 | 1.6 |
| | IV | 4.5 | 3.7 | -0.7 | 4.6 | 2.6 | 0.1 | 1.1 | 0.4 | 12.3 | 1.5 |
| | ANNUAL | 4.1 | 2.7 | -1.4 | 3.9 | 1.6 | -0.2 | 0.1 | -0.1 | 19.0 | 1.4 |
| 2004 | I | 4.4 | 5.1 | 0.7 | 4.0 | 2.1 | -0.4 | 0.0 | -0.3 | 20.8 | 1.5 |
| | II | 3.2 | 4.6 | 1.3 | 3.2 | 0.3 | 0.0 | 0.8 | 0.2 | 21.9 | 2.2 |
| | III | 3.2 | 5.2 | 1.9 | 3.5 | 0.7 | 0.3 | -0.6 | 0.0 | 16.5 | 1.6 |
| | IV | 4.7 | 6.5 | 1.7 | 5.5 | 2.0 | 0.7 | -1.8 | 0.1 | 14.7 | 1.5 |
| | ANNUAL | 3.9 | 5.3 | 1.4 | 4.0 | 1.3 | 0.2 | -0.4 | 0.0 | 18.3 | 1.7 |
| 2005 | I | 5.2 | 6.4 | 1.2 | 6.6 | 3.5 | 1.3 | -2.9 | 0.2 | 11.8 | 1.4 |
| | II | r5.7 | r7.4 | 1.6 | r5.9 | r2.8 | r0.1 | r-3.7 | -0.9 | r15.1 | 0.8 |
| | III | 4.7 | 6.0 | 1.3 | 5.4 | 1.5 | 0.7 | -1.4 | 0.1 | 13.3 | 1.6 |
| ----- | | | | | | | | | | | |

See footnotes following Table 6.
r=revisedDecember 6, 2005
Source: Bureau of Labor Statistics

SOURCES: Output data are from the Bureau of Economic Analysis and the Census Bureau of the U.S. Department of Commerce; the Bureau of Labor Statistics, U.S. Department of Labor; and the Federal Reserve Board. Compensation and hours data are from the Bureau of Labor Statistics and the Bureau of Economic Analysis.

RELIABILITY: Productivity and cost measures are regularly revised as more complete information becomes available. The measures are first published within 40 days of the close of the reference period; revisions appear 30 days later, and second revisions after an additional 60 days. In the business sector, the third publication (second revision) of a quarterly index of output per hour of all persons has differed from the initial value by between -1.4 and $+1.4$ index points approximately 95 percent of the time. This interval is based on the performance of this measure between the fourth quarter of 1995 and the second quarter of 2005.

Footnotes, Tables 1-6

- (1) Wages and salaries of employees plus employers' contributions for social insurance and private benefit plans. Except for nonfinancial corporations, where there are no self-employed, data also include an estimate of wages, salaries, and supplemental payments for the self-employed.
- (2) The change for recent quarters is based on the Consumer Price Index for all urban consumers (CPI-U). The trend from 1978-2004 is based on the Consumer Price Index research series (CPI-U-RS).
- (3) Unit nonlabor payments include profits, consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, business current transfer payments, rental income of persons, and the current surplus of government enterprises.
- (4) Current dollar output divided by the output index.
- (5) Quarterly changes: Percent change compounded at annual rate from the original data rather than index numbers. Annual changes: Percent change between annual average levels.
- (6) Unit nonlabor costs include consumption of fixed capital, taxes on production and imports less subsidies, net interest and miscellaneous payments, and business current transfer payments.
- (7) Total unit costs are the sum of unit labor and nonlabor costs.
- (8) Unit profits include corporate profits before tax with inventory valuation and capital consumption adjustments.

Appendix table 1. Manufacturing sector: Revised productivity, hourly compensation, and unit labor costs, seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs | |
|--|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|--------|
| ----- | | | | | | | |
| Indexes 1992=100 | | | | | | | |
| 2000 | I | r132.9 | r138.3 | 104.1 | 133.2 | 112.1 | r100.3 |
| | II | r134.1 | r139.6 | 104.1 | 132.5 | 110.7 | r98.8 |
| | III | r133.8 | r138.9 | 103.8 | 135.9 | 112.4 | r101.5 |
| | IV | r135.1 | r137.8 | 102.0 | 136.7 | 112.3 | r101.2 |
| | ANNUAL | 134.1 | 138.6 | 103.4 | 134.7 | 112.0 | 100.5 |
| 2001 | I | r134.8 | r135.1 | 100.2 | 138.1 | 112.4 | r102.5 |
| | II | r135.9 | r133.2 | 98.0 | 137.3 | 110.9 | r101.0 |
| | III | r136.9 | r131.2 | 95.8 | 137.0 | 110.4 | r100.1 |
| | IV | r140.4 | r129.8 | 92.5 | 139.0 | 112.2 | r99.0 |
| | ANNUAL | 136.9 | 132.3 | 96.6 | 137.8 | 111.5 | 100.7 |
| 2002 | I | 144.4 | r131.0 | 90.8 | 144.7 | 116.3 | 100.2 |
| | II | r147.1 | r133.0 | 90.4 | 147.6 | 117.7 | r100.4 |
| | III | r149.3 | r133.7 | 89.6 | 149.0 | 118.3 | r99.8 |
| | IV | r150.6 | r133.0 | 88.4 | 150.2 | 118.6 | r99.8 |
| | ANNUAL | r147.8 | r132.7 | 89.8 | 147.9 | 117.7 | r100.0 |
| ----- | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 2000 | I | r6.6 | r4.6 | -1.9 | 21.8 | 17.3 | r14.3 |
| | II | r3.7 | r3.8 | 0.0 | -2.1 | -5.1 | r-5.6 |
| | III | r-0.8 | r-2.1 | -1.4 | 10.6 | 6.6 | r11.4 |
| | IV | r3.8 | r-3.1 | -6.7 | 2.4 | -0.4 | r-1.3 |
| | ANNUAL | 4.7 | 3.0 | -1.6 | 9.2 | 5.6 | 4.2 |
| 2001 | I | r-0.8 | r-7.5 | -6.7 | 4.3 | 0.4 | r5.1 |
| | II | r3.4 | r-5.4 | -8.5 | -2.4 | -5.4 | r-5.5 |
| | III | r2.8 | r-6.1 | -8.6 | -0.9 | -1.7 | r-3.6 |
| | IV | r10.6 | r-4.1 | -13.3 | 5.9 | 6.5 | r-4.3 |
| | ANNUAL | 2.1 | -4.6 | -6.5 | 2.3 | -0.5 | 0.2 |
| 2002 | I | r11.9 | r3.9 | -7.2 | 17.4 | 15.7 | r4.9 |
| | II | r7.7 | r6.0 | r-1.5 | 8.4 | 5.0 | r0.7 |
| | III | r6.2 | r2.2 | r-3.8 | 4.0 | 1.8 | r-2.1 |
| | IV | r3.5 | r-2.0 | -5.3 | 3.2 | 1.1 | r-0.3 |
| | ANNUAL | r7.9 | r0.3 | -7.1 | 7.3 | 5.6 | r-0.6 |
| ----- | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 2000 | I | r4.8 | r4.0 | -0.8 | 9.8 | 6.4 | r4.8 |
| | II | r5.3 | r4.3 | -0.9 | 8.5 | 5.1 | r3.1 |
| | III | 5.1 | 3.3 | -1.7 | 10.0 | 6.4 | 4.7 |
| | IV | r3.3 | r0.7 | -2.5 | 7.8 | 4.2 | r4.4 |
| | ANNUAL | 4.7 | 3.0 | -1.6 | 9.2 | 5.6 | 4.2 |
| 2001 | I | 1.5 | -2.3 | -3.7 | 3.7 | 0.3 | 2.2 |
| | II | r1.4 | r-4.6 | -5.9 | 3.6 | 0.2 | r2.2 |
| | III | 2.3 | -5.5 | -7.6 | 0.8 | -1.8 | -1.4 |
| | IV | r3.9 | r-5.8 | -9.3 | 1.7 | -0.1 | r-2.2 |
| | ANNUAL | 2.1 | -4.6 | -6.5 | 2.3 | -0.5 | 0.2 |
| 2002 | I | r7.1 | r-3.0 | -9.4 | 4.7 | 3.5 | r-2.2 |
| | II | r8.2 | r-0.2 | -7.8 | 7.5 | 6.2 | r-0.6 |
| | III | r9.1 | r1.9 | -6.6 | 8.8 | 7.1 | r-0.3 |
| | IV | r7.3 | r2.5 | -4.5 | 8.1 | 5.7 | r0.8 |
| | ANNUAL | r7.9 | r0.3 | -7.1 | 7.3 | 5.6 | r-0.6 |
| ----- | | | | | | | |

See footnotes following Table 6.
r=revisedDecember 6, 2005
Source: Bureau of Labor Statistics

Appendix table 2. Durable manufacturing sector: Revised productivity, hourly compensation, and unit labor costs seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs | |
|--|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|-------|
| ----- | | | | | | | |
| Indexes 1992=100 | | | | | | | |
| 2000 | I | r149.7 | r165.0 | 110.2 | 133.4 | 112.3 | r89.1 |
| | II | r151.0 | r167.0 | 110.7 | 131.9 | 110.1 | r87.3 |
| | III | r150.9 | r166.3 | 110.2 | 135.7 | 112.3 | 89.9 |
| | IV | r151.4 | r164.5 | 108.6 | 135.4 | 111.3 | r89.4 |
| | ANNUAL | 150.9 | 165.7 | 109.8 | 134.2 | 111.6 | 89.0 |
| 2001 | I | r150.8 | r160.7 | 106.5 | 136.4 | 111.0 | r90.4 |
| | II | r151.9 | r157.9 | 103.9 | 135.8 | r109.7 | r89.4 |
| | III | r153.1 | r154.2 | 100.7 | 135.6 | 109.3 | r88.5 |
| | IV | r156.2 | r150.9 | r96.6 | 137.9 | 111.3 | r88.3 |
| | ANNUAL | 153.0 | 155.9 | 101.9 | 136.4 | 110.3 | 89.2 |
| 2002 | I | r161.2 | r152.5 | 94.6 | 142.0 | 114.2 | 88.1 |
| | II | 164.6 | 155.3 | 94.3 | 145.0 | 115.7 | r88.1 |
| | III | r167.9 | r156.8 | 93.4 | 146.0 | 115.9 | r86.9 |
| | IV | r171.0 | r156.7 | r91.7 | 147.4 | 116.4 | r86.2 |
| | ANNUAL | r166.2 | 155.3 | 93.5 | 145.1 | 115.5 | 87.3 |
| ----- | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 2000 | I | r10.8 | r8.9 | -1.7 | 25.0 | 20.3 | r12.8 |
| | II | r3.4 | r5.1 | 1.6 | -4.5 | -7.5 | r-7.7 |
| | III | r-0.1 | r-1.7 | -1.6 | 12.1 | 8.1 | r12.2 |
| | IV | r1.4 | r-4.3 | -5.6 | -0.7 | -3.5 | r-2.0 |
| | ANNUAL | 5.3 | 4.6 | -0.7 | 9.7 | 6.1 | 4.2 |
| 2001 | I | r-1.6 | r-9.1 | -7.6 | 2.7 | -1.1 | r4.3 |
| | II | r2.9 | r-6.8 | -9.4 | -1.7 | -4.7 | r-4.5 |
| | III | r3.2 | r-9.0 | -11.8 | -0.6 | -1.4 | r-3.6 |
| | IV | r8.3 | r-8.1 | -15.2 | 7.1 | 7.7 | r-1.1 |
| | ANNUAL | 1.4 | -5.9 | -7.2 | 1.6 | -1.2 | 0.2 |
| 2002 | I | r13.4 | r4.2 | -8.1 | 12.4 | 10.7 | -0.9 |
| | II | r8.8 | r7.7 | -1.0 | 8.9 | 5.4 | r0.0 |
| | III | r8.3 | r3.9 | -4.0 | 2.8 | 0.7 | r-5.1 |
| | IV | r7.4 | r-0.3 | -7.2 | 3.7 | 1.6 | r-3.5 |
| | ANNUAL | 8.6 | -0.4 | -8.3 | 6.4 | 4.7 | -2.1 |
| ----- | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 2000 | I | 5.9 | r6.1 | 0.2 | 11.2 | 7.7 | 5.0 |
| | II | r5.6 | r6.1 | 0.6 | 8.9 | 5.5 | r3.2 |
| | III | r5.5 | r4.3 | -1.2 | 10.9 | 7.2 | r5.0 |
| | IV | r3.8 | r1.9 | -1.8 | 7.4 | 3.8 | r3.4 |
| | ANNUAL | 5.3 | 4.6 | -0.7 | 9.7 | 6.1 | 4.2 |
| 2001 | I | r0.8 | r-2.6 | -3.4 | 2.2 | -1.1 | r1.4 |
| | II | r0.6 | r-5.5 | -6.1 | 3.0 | -0.4 | r2.3 |
| | III | r1.5 | r-7.3 | -8.7 | -0.1 | -2.7 | r-1.5 |
| | IV | r3.2 | r-8.3 | -11.1 | 1.8 | 0.0 | r-1.3 |
| | ANNUAL | 1.4 | -5.9 | -7.2 | 1.6 | -1.2 | 0.2 |
| 2002 | I | r6.9 | r-5.1 | -11.2 | 4.1 | 2.9 | r-2.6 |
| | II | r8.4 | r-1.6 | -9.2 | 6.8 | 5.5 | r-1.4 |
| | III | r9.7 | r1.7 | -7.2 | 7.7 | 6.1 | r-1.8 |
| | IV | r9.5 | r3.8 | -5.1 | 6.9 | 4.5 | r-2.4 |
| | ANNUAL | 8.6 | -0.4 | -8.3 | 6.4 | 4.7 | -2.1 |
| ----- | | | | | | | |

See footnotes following Table 6.
r=revisedDecember 6, 2005
Source: Bureau of Labor Statistics

Appendix table 3. Nondurable manufacturing sector: Revised productivity, hourly compensation, and unit labor costs seasonally adjusted

| Year and quarter | Output per hour of all persons | Output | Hours of all persons | Compensation per hour (1) | Real compensation per hour (2) | Unit labor costs | |
|--|--------------------------------|--------|----------------------|---------------------------|--------------------------------|------------------|--------|
| ----- | | | | | | | |
| Indexes 1992=100 | | | | | | | |
| 2000 | I | r117.2 | r111.3 | 95.0 | 130.5 | 109.8 | r111.4 |
| | II | r118.4 | r111.8 | 94.4 | 131.4 | 109.7 | r110.9 |
| | III | r117.8 | r110.9 | 94.1 | 133.7 | 110.7 | r113.5 |
| | IV | 119.9 | 110.4 | 92.0 | 136.6 | 112.2 | 113.9 |
| | ANNUAL | 118.5 | 111.1 | 93.7 | 133.2 | 110.8 | 112.4 |
| 2001 | I | r119.8 | r108.8 | 90.8 | 139.2 | 113.3 | r116.2 |
| | II | r120.7 | 107.8 | 89.2 | 138.0 | 111.5 | 114.3 |
| | III | 120.9 | 107.1 | 88.6 | 137.8 | 111.1 | 114.0 |
| | IV | r124.5 | r107.4 | 86.3 | 139.3 | 112.4 | 111.9 |
| | ANNUAL | 121.5 | 107.8 | 88.7 | 138.6 | 112.1 | 114.1 |
| 2002 | I | r127.4 | r108.4 | 85.0 | 148.1 | 119.1 | r116.3 |
| | II | r129.4 | r109.4 | 84.5 | 150.8 | 120.3 | r116.5 |
| | III | r130.5 | r109.4 | 83.8 | 153.1 | 121.5 | r117.3 |
| | IV | r129.8 | r108.3 | 83.4 | 154.2 | 121.7 | r118.8 |
| | ANNUAL | r129.3 | r108.9 | 84.2 | 151.5 | 120.6 | r117.2 |
| ----- | | | | | | | |
| Percent change from previous quarter at annual rate(5) | | | | | | | |
| 2000 | I | r0.8 | r-1.5 | -2.2 | 15.4 | 11.1 | r14.4 |
| | II | r4.5 | r1.5 | -2.8 | 2.7 | -0.4 | r-1.7 |
| | III | r-2.1 | r-3.0 | -1.0 | 7.4 | 3.5 | r9.6 |
| | IV | r7.3 | r-1.9 | -8.5 | 8.9 | 5.9 | r1.5 |
| | ANNUAL | 4.0 | 0.7 | -3.2 | 7.8 | 4.3 | 3.6 |
| 2001 | I | r-0.4 | r-5.5 | -5.1 | 7.8 | 3.8 | r8.3 |
| | II | 3.2 | -3.8 | -6.8 | -3.4 | -6.3 | r-6.4 |
| | III | r0.6 | r-2.3 | -2.9 | -0.6 | -1.4 | r-1.1 |
| | IV | r12.4 | r1.0 | -10.1 | 4.3 | 4.9 | r-7.2 |
| | ANNUAL | 2.5 | -3.0 | -5.3 | 4.0 | 1.2 | 1.5 |
| 2002 | I | r9.6 | r3.6 | -5.5 | 28.0 | 26.2 | r16.7 |
| | II | r6.5 | r3.9 | -2.4 | 7.4 | 4.0 | r0.9 |
| | III | r3.5 | r0.2 | -3.2 | 6.3 | 4.1 | r2.7 |
| | IV | r-2.2 | r-4.1 | -2.0 | 2.8 | 0.7 | r5.0 |
| | ANNUAL | r6.4 | r1.0 | -5.1 | 9.4 | 7.6 | r2.7 |
| ----- | | | | | | | |
| Percent change from corresponding quarter of previous year | | | | | | | |
| 2000 | I | r3.6 | r1.0 | -2.5 | 6.7 | 3.4 | r3.1 |
| | II | r5.2 | r1.5 | -3.5 | 7.3 | 3.9 | r2.0 |
| | III | r4.3 | r1.6 | -2.6 | 8.2 | 4.6 | r3.7 |
| | IV | r2.6 | r-1.2 | -3.7 | 8.5 | 4.9 | r5.8 |
| | ANNUAL | 4.0 | 0.7 | -3.2 | 7.8 | 4.3 | 3.6 |
| 2001 | I | r2.2 | r-2.3 | -4.4 | 6.7 | 3.2 | r4.3 |
| | II | r1.9 | r-3.6 | -5.4 | 5.1 | 1.6 | r3.1 |
| | III | r2.6 | r-3.4 | -5.9 | 3.1 | 0.4 | r0.4 |
| | IV | 3.8 | -2.7 | -6.3 | 1.9 | 0.1 | -1.8 |
| | ANNUAL | 2.5 | -3.0 | -5.3 | 4.0 | 1.2 | 1.5 |
| 2002 | I | r6.4 | r-0.4 | -6.4 | 6.4 | 5.1 | r0.1 |
| | II | r7.2 | r1.5 | -5.3 | 9.3 | 7.9 | r1.9 |
| | III | r8.0 | r2.2 | -5.4 | 11.1 | 9.4 | r2.9 |
| | IV | r4.3 | r0.8 | -3.3 | 10.7 | 8.3 | r6.2 |
| | ANNUAL | r6.4 | r1.0 | -5.1 | 9.4 | 7.6 | r2.7 |
| ----- | | | | | | | |

See footnotes following Table 6.
r=revisedDecember 6, 2005
Source: Bureau of Labor Statistics